

AMENDED IN ASSEMBLY JULY 21, 1998

AMENDED IN ASSEMBLY JULY 6, 1998

AMENDED IN SENATE APRIL 13, 1998

SENATE BILL

No. 2235

**Introduced by Committee on Revenue and Taxation
(Senators Alpert (Chair), Greene, Karnette, Knight, Lee,
and McPherson)**

March 3, 1998

~~An act to amend Sections 214, 214.01, 214.05, 214.6, 214.14, 215.1, 254, 254.5, 259.5, 259.7, 272, 275.5, 619, and 1605.6 of, to amend and renumber Sections 213.7, 214.02, 214.5, 214.7, 214.8, 214.9, 221, 225.5, 231, 236, 11472, and 11473 of, to add Sections 214.03, 214.06, 214.07, 214.20, 214.30, 214.40, 214.41, 214.43, 214.44, 254.6, 254.7, 11472, and 11475 to, to repeal Section 214.4 of, and to repeal and add Section 11471 of, the An act to amend Sections 214, 254.5, 275.5, 619, and 1605.6 of, to amend and renumber Sections 11472 and 11473 of, to add Sections 11472 and 11475 to, and to repeal and add Section 11471 of, the Revenue and Taxation Code, relating to taxation.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 2235, as amended, Committee on Revenue and Taxation. Taxation: property and private railroad cars.

Existing property tax law, in accordance with the California Constitution, provides an exemption, known as the "welfare exemption," for property used exclusively for religious, hospital, or charitable purposes if certain conditions are met.

~~This bill would revise and recast administrative provisions that implement that welfare exemption. The bill would delete obsolete references and make various conforming changes to those welfare exemption administrative provisions clarify that certain housing projects for the disabled qualify for the exemption.~~

Existing property tax law prescribes filing dates for claims for the welfare exemption and the veterans' organization exemption, and for affidavits in connection with certain documented vessels.

This bill would correct an erroneous reference in those provisions.

Existing property tax law requires the clerk of the county board of equalization to send a notice to the applicant for the reduction of an assessment of the time and date of the hearing on the matter.

This bill would, under certain circumstances, permit the clerk to electronically transmit that notice to an electronic address designated by the taxpayer or the assessor, as the case may be.

Existing property tax law requires the assessor to inform each assessee of real property, as specified, of the assessed value of that property, as provided.

This bill would correct an erroneous reference in those provisions.

The Private Railroad Car Tax Law imposes a tax on private railroad cars operated upon railroads into, out of, or through this state. That law requires the Attorney General to proceed by appropriate legal action to collect all delinquent sums due under that law.

This bill would ~~authorize~~ *impose a specified statute of limitations for* the State Board of Equalization to bring an action in the courts to collect the delinquent amounts, as provided. It would require the Attorney General to prosecute the action and would specify provisions of civil procedure law and civil law that would apply.

Vote: majority. Appropriation: no. Fiscal committee: ~~yes~~ *no*. State-mandated local program: no.



The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 213.7 of the Revenue and~~
2 ~~Taxation Code is amended and renumbered to read:~~

3 ~~214.17. (a) As used in Section 214, “property used~~
4 ~~exclusively for religious, hospital, scientific, or charitable~~
5 ~~purposes” shall include the property of a volunteer fire~~
6 ~~department that is used exclusively for volunteer fire~~
7 ~~department purposes, provided that the department~~
8 ~~qualifies for exemption either under Section 23701d or~~
9 ~~23701f of this code or under Section 501(c)(3) or~~
10 ~~501(c)(4) of the Internal Revenue Code. This section~~
11 ~~shall not be construed to enlarge the “welfare~~
12 ~~exemption” to apply to organizations qualified under~~
13 ~~Section 501(c)(3) or 501(c)(4) of the Internal Revenue~~
14 ~~Code, but not otherwise qualified for the “welfare~~
15 ~~exemption” under other provisions of this code.~~

16 ~~(b) As used in this section, “volunteer fire~~
17 ~~department” means any fund, foundation, or corporation~~
18 ~~regularly organized for volunteer fire department~~
19 ~~purposes, that qualified as an exempt organization on or~~
20 ~~before January 1, 1969, either under Section 23701d or~~
21 ~~23701f of this code or under Section 501(c)(3) or~~
22 ~~501(c)(4) of the Internal Revenue Code, having official~~
23 ~~recognition and full or partial support of the government~~
24 ~~of the county, city, or district in which the volunteer fire~~
25 ~~department is located, and that has functions having an~~
26 ~~exclusive connection with the prevention and~~
27 ~~extinguishing of fires within the area of the county, city,~~
28 ~~or district extending official recognition for the benefit of~~
29 ~~the public generally and to lessen the burdens of the~~
30 ~~entity of government that would otherwise be obligated~~
31 ~~to furnish that fire protection.~~

32 ~~(c) For purposes of subdivision (a), an organization~~
33 ~~shall not be deemed to be qualified as an exempt~~
34 ~~organization unless the organization files with the~~
35 ~~assessor a valid organizational clearance certificate issued~~
36 ~~by the board pursuant to Section 254.6.~~

37 ~~SEC. 2. Section 214 of the Revenue and Taxation~~
38 ~~Code is amended to read:~~

1 ~~214. (a) Property used exclusively for religious,~~
2 ~~hospital, scientific, or charitable purposes owned and~~
3 ~~operated by community chests, funds, foundations, or~~
4 ~~corporations organized and operated for religious,~~
5 ~~hospital, scientific, or charitable purposes is exempt from~~
6 ~~taxation, including ad valorem taxes to pay the interest~~
7 ~~and redemption charges on any indebtedness approved~~
8 ~~by the voters prior to July 1, 1978, or any bonded~~
9 ~~indebtedness for the acquisition or improvement of real~~
10 ~~property approved on or after July 1, 1978, by two-thirds~~
11 ~~of the votes cast by the voters voting on the proposition,~~
12 ~~if:~~

13 ~~(1) The owner is not organized or operated for profit.~~

14 ~~(2) No part of the net earnings of the owner inures to~~
15 ~~the benefit of any private shareholder or individual.~~

16 ~~(3) The property is used for the actual operation of the~~
17 ~~exempt activity, and does not exceed an amount of~~
18 ~~property reasonably necessary to the accomplishment of~~
19 ~~the exempt purpose.~~

20 ~~(4) The property is not used or operated by the owner~~
21 ~~or by any other person so as to benefit any officer, trustee,~~
22 ~~director, shareholder, member, employee, contributor,~~
23 ~~or bondholder of the owner or operator, or any other~~
24 ~~person, through the distribution of profits, payment of~~
25 ~~excessive charges or compensations, or the more~~
26 ~~advantageous pursuit of their business or profession.~~

27 ~~(5) The property is not used by the owner or members~~
28 ~~thereof for fraternal or lodge purposes, or for social club~~
29 ~~purposes except where that use is clearly incidental to a~~
30 ~~primary religious, hospital, scientific, or charitable~~
31 ~~purpose.~~

32 ~~(6) The property is irrevocably dedicated to religious,~~
33 ~~hospital, scientific, or charitable purposes and upon the~~
34 ~~liquidation, dissolution, or abandonment of the owner~~
35 ~~will not inure to the benefit of any private person except~~
36 ~~a fund, foundation, or corporation organized and~~
37 ~~operated for religious, hospital, scientific, or charitable~~
38 ~~purposes.~~

39 ~~(b) The exemption provided for herein shall be known~~
40 ~~as the "welfare exemption." This exemption shall be in~~

1 ~~addition to any other exemption now provided by law,~~
2 ~~and the existence of the exemption provision in~~
3 ~~paragraph (2) of subdivision (a) of Section 202 shall not~~
4 ~~preclude the exemption under this section for museum or~~
5 ~~library property. Except as provided in Section 214.20,~~
6 ~~this section shall not be construed to enlarge the college~~
7 ~~exemption.~~

8 ~~SEC. 3. Section 214.01 of the Revenue and Taxation~~
9 ~~Code is amended to read:~~

10 ~~214.01. For the purpose of Section 214, property shall~~
11 ~~be deemed irrevocably dedicated to religious, hospital,~~
12 ~~scientific, or charitable purposes only if a statement of~~
13 ~~irrevocable dedication to only these purposes is found in~~
14 ~~the articles of incorporation of the corporation, or in the~~
15 ~~case of any other fund or foundation, or corporation~~
16 ~~chartered by an act of Congress, in the bylaws, articles of~~
17 ~~association, constitution, or regulations thereof, and upon~~
18 ~~the liquidation, dissolution, or abandonment of the owner~~
19 ~~will not inure to the benefit of any private person except~~
20 ~~a fund, foundation, or corporation organized and~~
21 ~~operated for religious, hospital, scientific, or charitable~~
22 ~~purposes, as determined by the State Board of~~
23 ~~Equalization.~~

24 ~~If, when performing the duties specified by Section~~
25 ~~254.6, the board finds that an applicant for the welfare~~
26 ~~exemption is ineligible for an organizational clearance~~
27 ~~certificate, because at the time of the filing of the claim~~
28 ~~required by Section 254.6, the applicant's articles of~~
29 ~~incorporation, or in the case of any noncorporate fund or~~
30 ~~foundation, its bylaws, articles of association, constitution~~
31 ~~or regulations, did not comply with the provisions of this~~
32 ~~section, the board shall notify the applicant in writing.~~
33 ~~The applicant shall have until the next succeeding lien~~
34 ~~date to amend its articles of incorporation, or in the case~~
35 ~~of any noncorporate fund or foundation, its bylaws,~~
36 ~~articles of association, constitution or regulations, and to~~
37 ~~file a certified copy of the amendments that conform to~~
38 ~~the provisions of this section with the board, and the~~
39 ~~board shall make a finding that the applicant, if otherwise~~

1 ~~qualified, is eligible for an organizational clearance~~
2 ~~certificate and forward that finding to the applicant.~~

3 ~~SEC. 4. Section 214.02 of the Revenue and Taxation~~
4 ~~Code is amended and renumbered to read:~~

5 ~~214.18. (a) Except as provided in subdivision (b) or~~
6 ~~(c), property that is used exclusively for the preservation~~
7 ~~of native plants or animals, biotic communities, geological~~
8 ~~or geographical formations of scientific or educational~~
9 ~~interest, or open-space lands used solely for recreation~~
10 ~~and for the enjoyment of scenic beauty, is open to the~~
11 ~~general public subject to reasonable restrictions~~
12 ~~concerning the needs of the land, and is owned and~~
13 ~~operated by a scientific or charitable fund, foundation, or~~
14 ~~corporation, the primary interest of which is to preserve~~
15 ~~those natural areas, and that meets all the requirements~~
16 ~~of Section 214, shall be deemed to be within the~~
17 ~~exemption provided for in subdivision (b) of Sections 4~~
18 ~~and 5 of Article XIII of the California Constitution and~~
19 ~~Section 214.~~

20 ~~(b) The exemption provided by this section shall not~~
21 ~~apply to any property of an organization that owns in the~~
22 ~~aggregate 30,000 acres or more in one county that were~~
23 ~~exempt under this section prior to March 1, 1983, or that~~
24 ~~are proposed to be exempt, unless the nonprofit~~
25 ~~organization that holds the property is constituted in a~~
26 ~~manner that is fully independent of the owner of any~~
27 ~~taxable real property that is adjacent to the property~~
28 ~~otherwise qualifying for tax exemption under this section.~~
29 ~~For purposes of this section, the nonprofit organization~~
30 ~~that holds the property is fully independent if the exempt~~
31 ~~property is not used or operated by that organization or~~
32 ~~by any other person so as to benefit any officer, trustee,~~
33 ~~director, shareholder, member, employee, contributor,~~
34 ~~or bondholder of the exempt organization or operator, or~~
35 ~~the owner of any adjacent property, or any other person,~~
36 ~~through the distribution of profits, payment of excessive~~
37 ~~charges or compensations, or the more advantageous~~
38 ~~pursuit of their business or profession.~~

~~(c) The exemption provided by this section shall not apply to property that is reserved for future development.~~

~~(d) This section shall be operative from the lien date in 1983 to and including the lien date in 2002, after which date this section shall become inoperative, and as of January 1, 2003, this section is repealed.~~

~~SEC. 5. Section 214.03 is added to the Revenue and Taxation Code, to read:~~

~~214.03. (a) For the purposes of Section 214, in determining whether property is used for the actual operation of an exempt activity, consideration shall not be given to use of the property for either or both of the following described activities if that use is occasional:~~

~~(1) The owner conducts fundraising activities on the property and the proceeds derived from those activities are not unrelated business taxable income, as defined in Section 512 of the Internal Revenue Code, of the owner and are used to further the exempt activity of the owner.~~

~~(2) The owner permits any other organization that meets all of the requirements of Section 214, other than ownership of the property, to conduct fundraising activities on the property and the proceeds derived from those activities are not unrelated business taxable income, as defined in Section 512 of the Internal Revenue Code, of the organization, are not subject to the tax on unrelated business taxable income that is imposed by Section 511 of the Internal Revenue Code, and are used to further the exempt activity of the organization.~~

~~(b) For purposes of subdivision (a):~~

~~(1) "Occasional use" means use of the property on an irregular or intermittent basis by the qualifying owner or any other qualifying organization described in paragraph (2) of subdivision (a) that is incidental to the primary activities of the owner or the other organization.~~

~~(2) "Fundraising activities" means activities involving the direct solicitation of money or other property and the anticipated exchange of goods or services for money between the soliciting organization and the organization or person solicited.~~

~~(c) Subdivision (a) shall have no application in determining whether paragraph (3) of subdivision (a) of Section 214 has been satisfied unless the owner of the property and any other organization using the property has filed with the assessor a valid organizational clearance certificate issued by the board pursuant to Section 254.6.~~

~~(d) For the purposes of determining whether the property is used for the actual operation of the exempt activity, consideration shall not be given to the use of the property for meetings conducted by any other organization if the meetings are incidental to the other organization's primary activities, are not fundraising meetings or activities as defined in subdivision (b), are held no more than once per week, and the other organization and its use of the property meet all other requirements of Section 214. The owner or the other organization also shall file with the assessor a valid organizational clearance certificate issued by the board pursuant to Section 254.6.~~

~~(e) Nothing in this section shall be construed to either enlarge or restrict the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and Section 214.~~

~~SEC. 6. Section 214.05 of the Revenue and Taxation Code is amended to read:~~

~~214.05. For purposes of Section 214:~~

~~(a) If the property of an organization is granted an exemption pursuant to Section 214, that property is deemed to be used exclusively for the organization's exempt purposes. However, to the extent that income derived from the organization's use of the property is unrelated business taxable income, as defined in Section 512 of the Internal Revenue Code, and the regulations implementing that section, and is subject to the tax on unrelated business taxable income that is imposed by Section 511 of the Internal Revenue Code, the property shall be exempt from taxation under Section 214 only to the extent provided in subdivision (b) or (c).~~

~~(b) (1) If the use of property that has qualified for the welfare exemption under Section 214 involves activities~~

1 of the organization, some of which produce income that
2 is exempt from income or franchise taxation and some of
3 which produce income that is taxable as unrelated
4 business taxable income, and those activities are
5 attributable to a reasonably ascertainable portion of the
6 entire property, that portion of the property shall be
7 entitled only to a partial exemption from property
8 taxation equal to that proportion of the total value of the
9 portion of the property which the amount of income of
10 the organization that is exempt from income or franchise
11 taxation and that is attributable to that portion bears to
12 the total amount of income of the organization that is
13 attributable to that portion. The remaining proportion of
14 the total value of that portion of the property shall be
15 subject to taxation pursuant to this division.

16 (2) If the use of property that has qualified for the
17 welfare exemption under Section 214 involves activities
18 of the organization, some of which are exempt for
19 property tax purposes and produce no income and some
20 of which produce income that is taxable as unrelated
21 business taxable income, or produce both income that is
22 taxable as unrelated business taxable income and income
23 that is exempt from income or franchise taxation and
24 those activities are attributable to a reasonably
25 ascertainable portion of the entire property, that portion
26 of the property shall be entitled only to a partial
27 exemption equal to that proportion of the total value of
28 the portion of the property which the amount of time
29 actually devoted to those exempt nonincome-producing
30 activities of the organization attributable to that portion
31 bears to the total amount of time actually devoted to all
32 of the activities of the organization attributable to that
33 portion. The remaining proportion of the total value of
34 that portion of the property shall be subject to taxation
35 pursuant to this division.

36 (3) If the activities described in paragraphs (1) and
37 (2) cannot be attributed to a reasonably ascertainable
38 portion of the entire property, the entire property shall
39 be entitled only to a partial exemption. In the case of
40 activities of the organization described in paragraph (1);

~~1 the partial exemption shall be equal to that proportion of
2 the value of the entire property which the amount of
3 income of the organization that is exempt from income
4 or franchise taxation and that is attributable to the entire
5 property bears to the total amount of income of the
6 organization that is attributable to the entire property. In
7 the case of activities of the organization described in
8 paragraph (2), the partial exemption shall be equal to
9 that proportion of the value of the entire property which
10 the amount of time actually devoted to exempt
11 nonincome producing activities of the organization
12 attributable to the entire property bears to the total
13 amount of time actually devoted to all of the activities of
14 the organization attributable to the entire property. In
15 either case, the remaining proportion of the total value of
16 the entire property shall be subject to taxation pursuant
17 to this division.~~

~~18 (e) Notwithstanding subdivision (b), if more than 75
19 percent of the income of an organization is attributable
20 to property that has qualified for the welfare exemption
21 under Section 214, but is not specifically related to the
22 organization's use of particular property, the property
23 shall be entitled only to a partial exemption equal to that
24 proportion of the total value of the property which the
25 amount of the income of the organization attributable to
26 activities in this state and exempt from income or
27 franchise taxation bears to the amount of total income of
28 the organization that is attributable to activities in this
29 state.~~

~~30 (d) Whenever property is claimed exempt under
31 Section 214 and activities of the organization on the
32 property produce unrelated business taxable income, as
33 defined in Section 512 of the Internal Revenue Code, the
34 organization, as a part of its claim for exemption, shall file
35 with the board each of the following:~~

~~36 (1) The organization's information and tax returns
37 filed with the Internal Revenue Service for its
38 immediately preceding fiscal year.~~

~~39 (2) Information indicating the amount of time
40 devoted to its income producing and its~~

1 ~~nonincome-producing activities and, where applicable, a~~
2 ~~description of that portion of the property in which those~~
3 ~~activities are conducted.~~

4 ~~(3) A statement listing the specific activities which~~
5 ~~produce the unrelated business taxable income.~~

6 ~~(4) Whenever subdivision (c) is applicable, the~~
7 ~~amount of income of the organization that is attributable~~
8 ~~to activities in this state and is exempt from income or~~
9 ~~franchise taxation and the amount of total income of the~~
10 ~~organization that is attributable to activities in this state.~~

11 ~~(5) Any other information as prescribed by the board.~~

12 ~~(e) Nothing in this section shall be construed to~~
13 ~~enlarge the welfare exemption provided in Section 214.~~

14 ~~SEC. 7. Section 214.06 is added to the Revenue and~~
15 ~~Taxation Code, to read:~~

16 ~~214.06. For purposes of Section 214, charitable~~
17 ~~purposes include educational purposes. For purposes of~~
18 ~~this section, “educational purposes” means those~~
19 ~~educational purposes and activities for the benefit of the~~
20 ~~community as a whole or an unascertainable and~~
21 ~~indefinite portion thereof, and shall not include those~~
22 ~~educational purposes and activities that are primarily for~~
23 ~~the benefit of an organization’s shareholders. Educational~~
24 ~~activities include the study of relevant information, the~~
25 ~~dissemination of that information to interested members~~
26 ~~of the general public, and the participation of interested~~
27 ~~members of the general public.~~

28 ~~SEC. 8. Section 214.07 is added to the Revenue and~~
29 ~~Taxation Code, to read:~~

30 ~~214.07. For purposes of Section 214, property is used~~
31 ~~for charitable purposes if used exclusively for scientific~~
32 ~~purposes by a foundation or institution that, in addition~~
33 ~~to complying with the requirements for the exemption of~~
34 ~~charitable organizations in general, pursuant to Section~~
35 ~~214, has been chartered by the Congress of the United~~
36 ~~States (except that this requirement shall not apply when~~
37 ~~the scientific purposes are medical research), and whose~~
38 ~~objectives are the encouragement or conduct of scientific~~
39 ~~investigation, research, and discovery for the benefit of~~
40 ~~the community at large.~~

~~SEC. 9. Section 214.4 of the Revenue and Taxation Code is repealed.~~

~~SEC. 10. Section 214.5 of the Revenue and Taxation Code is amended and renumbered to read:~~

~~214.21. (a) Property used exclusively for school purposes of less than collegiate grade, or exclusively for purposes of both schools of and less than collegiate grade, and owned and operated by religious, hospital, or charitable funds, foundations, or corporations, which property and funds, foundations, or corporations meet all of the requirements of Section 214, shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and Section 214. This section shall not be construed to enlarge the college exemption.~~

~~(b) For the purposes of Section 207 and this section, a school of "less than collegiate grade" is either of the following:~~

~~(1) Any institution of learning attendance that exempts a student from attendance at a public full-time elementary or secondary day school under Section 48222 of the Education Code.~~

~~(2) Any institution of learning where a majority of the students are persons that have been excused from attendance at a full-time elementary or secondary day school under Section 48221 or 48226 of the Education Code.~~

~~SEC. 11. Section 214.6 of the Revenue and Taxation Code is amended to read:~~

~~214.6. (a) Property that is owned by an organization meeting the requirements of subdivision (b) of Section 4 of Article XIII of the California Constitution and complying with the requirements of Section 214 and that is leased to an exempt governmental entity for the purpose of conducting an activity which if conducted by the owner would qualify the property for an exemption, or leased to a community college, state college, or state university for educational purposes, shall be deemed to be within the exemption provided for in subdivision (b)~~

1 of Section 4 of Article XIII of the California Constitution
2 if both of the following conditions exist:

3 (1) The total income received by the organization in
4 the form of rents, fees, or charges from the lease does not
5 exceed the ordinary and usual expenses in maintaining
6 and operating the leased property.

7 (2) With respect to entities that are political
8 subdivisions of the state, the property is located within
9 the boundaries of the exempt governmental entity
10 leasing the same.

11 (b) To claim the exemption provided by this section
12 for property leased by a church to a school district, the
13 church need only file a lessor's exemption claim and
14 affirm each of the following:

15 (1) The total income received by the organization in
16 the form of rents, fees or charges from the lease does not
17 exceed the ordinary and usual expenses in maintaining
18 and operating the leased property.

19 (2) With respect to entities that are political
20 subdivisions of the state, the property is located within
21 the boundaries of the exempt governmental entity
22 leasing the same.

23 SEC. 12. Section 214.7 of the Revenue and Taxation
24 Code is amended and renumbered to read:

25 214.32. In the case of a hospital, neither the use of
26 hospital property nor the receipt of fees or other lawful
27 compensation by a licensed physician for the practice of
28 his or her profession therein, shall be grounds for denial
29 of the exemption provided by Sections 214 and 254.5. This
30 section shall not apply to any portion of a hospital as may
31 be leased or rented to a physician for his or her office for
32 the general practice of medicine.

33 SEC. 13. Section 214.8 of the Revenue and Taxation
34 Code is amended and renumbered to read:

35 214.04. (a) Except as provided in Sections 214.17 and
36 214.8, and as provided in Section 214.41 with respect to
37 veterans' organizations, the "welfare exemption" shall
38 not be granted to any organization unless it is qualified as
39 an exempt organization under either Section 23701d of
40 this code or Section 501(c)(3) of the Internal Revenue

~~Code. This section shall not be construed to enlarge the “welfare exemption” to apply to organizations qualified under Section 501(c)(3) of the Internal Revenue Code of 1954 but not otherwise qualified for the “welfare exemption” under other provisions of this code.~~

~~The exemption for veterans’ organizations shall not be granted to any organization unless it is qualified as an exempt organization under either Section 23701f or 23701w of this code or under Section 501(c)(4) or 501(c)(19) of the Internal Revenue Code. This section shall not be construed to enlarge the “veterans’ organization exemption” to apply to organizations qualified under Section 501(c)(4) or 501(c)(19) of the Internal Revenue Code but not otherwise qualified for the “veterans’ organization exemption” under other provisions of this code.~~

~~(b) For purposes of subdivision (a), an organization shall not be deemed to be qualified as an exempt organization unless the organization files with the assessor a valid organizational clearance certificate issued by the board pursuant to Section 254.6.~~

~~SEC. 14. Section 214.9 of the Revenue and Taxation Code is amended and renumbered to read:~~

~~214.31. (a) For the purposes of Section 214, a “hospital” includes an outpatient clinic, whether or not patients are admitted for overnight stay or longer, where the clinic furnishes or provides psychiatric services for emotionally disturbed children, or where the clinic is a nonprofit multispecialty clinic of the type described in subdivision (l) of Section 1206 of the Health and Safety Code, so long as the multispecialty clinic does not reduce the level of charitable or subsidized activities it provides as a proportion of its total activities.~~

~~(b) For purposes of this section, a “hospital” does not include those portions of an outpatient clinic which may be leased or rented to a physician for an office for the general practice of medicine.~~

~~SEC. 15. Section 214.14 of the Revenue and Taxation Code is amended to read:~~

~~214.14. Property used exclusively for the charitable purposes of museums and owned and operated by a religious, hospital, scientific, or charitable fund, foundation, or corporation which meets all the requirements of Section 214 shall be deemed to be within the exemption provided by Sections 4 and 5 of Article XIII of the California Constitution and Section 214. For purposes of this section:~~

~~(a) Property used exclusively for the charitable purposes of museums shall include property used for activities and facilities related to the primary charitable purposes of museums and reasonably necessary and incidental to those purposes.~~

~~(b) Property used exclusively for the charitable purposes of museums shall not be required to be indispensable to the primary charitable purposes of museums.~~

~~(c) Property used exclusively for the charitable purposes of museums shall not include property used for activities and facilities not related to the primary charitable purposes of museums and not reasonably necessary or incidental to those purposes.~~

~~(d) Property used exclusively for the charitable purposes of museums shall include property owned by a nonprofit association or organization performing auxiliary services to any city or county museum in the state and used for the storage of items donated for an annual rummage sale, the proceeds of which, after taking into account the expenses of the nonprofit association or organization, are used to provide support to those museums. For purposes of this subdivision, "storage of items donated for an annual rummage sale" shall not be considered a "fundraising activity," as that term is used in Section 214.03.~~

~~SEC. 16. Section 214.20 is added to the Revenue and Taxation Code, to read:~~

~~214.20. (a) Property used exclusively for religious, hospital, scientific, or charitable purposes and owned and operated by religious, hospital, scientific, or charitable funds, foundations, or corporations or educational~~

~~institutions of collegiate grade, as defined in Section 203, which property and funds, foundations, corporations, or educational institutions meet all of the requirements of Section 214, shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and Section 214.~~

~~(b) As to educational institutions of collegiate grade, as defined in Section 203, the requirements of paragraph (6) of subdivision (a) of Section 214 shall be deemed to be met if both of the following are met:~~

~~(1) The property of the educational institution is irrevocably dedicated in its articles of incorporation to charitable and educational purposes, to religious and educational purposes, or educational purposes.~~

~~(2) The articles of incorporation of the educational institution provide for distribution of its property upon its liquidation, dissolution, or abandonment to a fund, foundation, or corporation organized and operated for religious, hospital, scientific, charitable, or educational purposes meeting the requirements for exemption provided by Section 203 or Section 214.~~

~~SEC. 17. Section 214.30 is added to the Revenue and Taxation Code, to read:~~

~~214.30. For purposes of Section 214, in the case of a hospital, an organization shall not be deemed to be organized or operated for profit if, during the immediately preceding fiscal year, operating revenues, exclusive of gifts, endowments, and grants-in-aid, did not exceed operating expenses by an amount equivalent to 10 percent of those operating expenses. For purposes of this section, "operating expenses" include depreciation based on cost of replacement and amortization of, and interest on, indebtedness.~~

~~SEC. 18. Section 214.40 is added to the Revenue and Taxation Code, to read:~~

~~214.40. (a) Property used exclusively for housing and related facilities for elderly or handicapped families and financed by, including, but not limited to, the federal government pursuant to Section 202 of Public Law 86-372~~

~~(12 U.S.C. Sec. 1701q), as amended, Section 231 of Public Law 73-479 (12 U.S.C. Sec. 1715v), Section 236 of Public Law 90-448 (12 U.S.C. Sec. 1715z), or Section 811 of Public Law 101-625 (42 U.S.C. Sec. 8013), and owned and operated by religious, hospital, scientific, or charitable funds, foundations, or corporations that meet all of the requirements of Section 214 shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and Section 214.~~

~~(b) Property used exclusively for housing and related facilities for elderly or handicapped families at which supplemental care or services designed to meet the special needs of elderly or handicapped residents are not provided, or that is not financed by the federal government pursuant to Section 202 of Public Law 86-372 (12 U.S.C. Sec. 1701q), as amended, Section 231 of Public Law 73-479 (12 U.S.C. Sec. 1715v), Section 236 of Public Law 90-448 (12 U.S.C. Sec. 1715z), or Section 811 of Public Law 101-625 (42 U.S.C. Sec. 8013), shall not be entitled to exemption pursuant to this section unless the property is used for housing and related facilities for low and moderate-income elderly or handicapped families.~~

~~(c) Property that would otherwise be exempt pursuant to Section 214, except that it includes some housing and related facilities for other than low or moderate-income elderly or handicapped families, shall be entitled to a partial exemption. The partial exemption shall be equal to that percentage of the value of the property that is equal to the percentage that the number of low and moderate-income elderly and handicapped families occupying the property represents of the total number of families occupying the property.~~

~~(d) For purposes of this section, “low and moderate income” has the same meaning as the term “persons and families of low or moderate income” as defined in Section 50093 of the Health and Safety Code.~~

~~SEC. 19. Section 214.41 is added to the Revenue and Taxation Code, to read:~~

~~214.41. (a) Property used exclusively for rental housing and related facilities and owned and operated by religious, hospital, scientific, or charitable funds, foundations, or corporations, including limited partnerships in which the managing general partner is an eligible nonprofit corporation, that meets all of the requirements of Section 214, or by veterans' organizations, as described in Section 215.1, that meets all the requirements of Section 214, shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and Section 214 and shall be entitled to a partial exemption equal to that percentage of the value of the property that the portion of the property serving lower income households represents of the total property in any year in which any of the following criteria are applicable:~~

~~(1) Twenty percent or more of the occupants of the property are lower income households whose rent does not exceed that prescribed by Section 50053 of the Health and Safety Code.~~

~~(2) The acquisition, rehabilitation, development, or operation of the property, or any combination of these factors, is financed with tax-exempt mortgage revenue bonds or general obligation bonds, or is financed by local, state, or federal loans or grants and the rents of the occupants who are lower income households do not exceed those prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance.~~

~~(3) The owner of the property is eligible for and receives low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code of 1986, as added by Public Law 99-514.~~

~~(b) In order to be eligible for the exemption provided by Section 214, the owner of the property shall do both of the following:~~

~~(1) Certify and ensure that there is a deed restriction, agreement, or other legal document that restricts the project's usage and that provides that the units~~

1 designated for use by lower income households are
2 continuously available to or occupied by lower income
3 households at rents that do not exceed those prescribed
4 by Section 50053 of the Health and Safety Code, or, to the
5 extent that the terms of federal, state, or local financing
6 or financial assistance conflicts with Section 50053, rents
7 that do not exceed those prescribed by the terms of the
8 financing or financial assistance.

9 (2) Certify that the funds that would have been
10 necessary to pay property taxes are used to maintain the
11 affordability of, or reduce rents otherwise necessary for,
12 the units occupied by lower income households.

13 (c) For purposes of this section, “lower income
14 households” has the same meaning as the term “lower
15 income households” as defined by Section 50079.5 of the
16 Health and Safety Code.

17 SEC. 20. Section 214.43 is added to the Revenue and
18 Taxation Code, to read:

19 214.43. (a) Property used exclusively for an
20 emergency or temporary shelter and related facilities for
21 homeless persons and families and owned and operated
22 by religious, hospital, scientific, or charitable funds,
23 foundations, or corporations that meet all of the
24 requirements of Section 214 shall be deemed to be within
25 the exemption provided for in subdivision (b) of Sections
26 4 and 5 of Article XIII of the California Constitution and
27 Section 214.

28 (b) Property that otherwise would be exempt
29 pursuant to this section, except that it includes housing
30 and related facilities for other than an emergency or
31 temporary shelter, shall be entitled to a partial
32 exemption.

33 (c) For purposes of this section, “emergency or
34 temporary shelter” means a facility that would be eligible
35 for funding pursuant to Chapter 11 (commencing with
36 Section 50800) of Part 2 of Division 31 of the Health and
37 Safety Code.

38 SEC. 21. Section 214.44 is added to the Revenue and
39 Taxation Code, to read:

~~214.44. Property used exclusively for housing and related facilities for employees of religious, hospital, scientific, or charitable organizations that meet all the requirements of Section 214 and owned and operated by funds, foundations, or corporations that meet all the requirements of Section 214 shall be deemed to be within the exemption provided for in subdivision (b) of Sections 4 and 5 of Article XIII of the California Constitution and Section 214 to the extent the residential use of the property is institutionally necessary for the operation of the organization.~~

~~SEC. 22. Section 215.1 of the Revenue and Taxation Code is amended to read:~~

~~215.1. (a) All buildings, and so much of the real property on which the buildings are situated as may be required for the convenient use and occupation of those buildings, used exclusively for charitable purposes, owned by a veterans' organization that has been chartered by the Congress of the United States, organized and operated for charitable purposes, when the same are used solely and exclusively for the purpose of the organization, if not conducted for profit and no part of the net earnings of which inures to the benefit of any private individual or member thereof, shall be exempt from taxation.~~

~~(b) The exemption provided for in this section shall apply to the property of all organizations meeting the requirements of this section and subdivision (b) of Section 4 of Article XIII of the California Constitution and Section 214.~~

~~(c) This exemption shall be known as the "veterans' organization exemption."~~

~~SEC. 23. Section 221 of the Revenue and Taxation Code is amended and renumbered to read:~~

~~214.22. (a) Property used exclusively for nursery school purposes and owned and operated by religious, hospital, or charitable funds, foundations, or corporations, which property and funds, foundations, or corporations meet all the requirements of Section 214 shall be deemed to be within the exemption provided in subdivision (b)~~

1 of Sections 4 and 5 of Article XIII of the California
2 Constitution and Section 214.

3 (b) For the purposes of Section 214 a nursery school is
4 any group facility for minors which has obtained a written
5 license or permit to operate as such from the State
6 Department of Social Services or from an inspection
7 service approved or accredited by the State Department
8 of Social Services, and which is owned and operated for
9 one or more of the following purposes:

10 (1) The facility is owned and operated to provide day
11 care for minors whose parent or parents are unable to
12 supervise the minors due to the hours of employment of
13 the parent or parents.

14 (2) The facility is owned and operated to provide
15 training and education for minors of preschool age.

16 (3) The facility is owned and operated to provide
17 instruction to parents on the subject of raising minors and
18 to provide training and education for minors.

19 SEC. 24. Section 225.5 of the Revenue and Taxation
20 Code is amended and renumbered to read:

21 214.16. (a) Property used exclusively for a
22 noncommercial educational FM broadcast station or an
23 educational television station, and owned and operated
24 by religious, hospital, scientific, or charitable funds,
25 foundations, or corporations that meets all of the
26 requirements of Section 214 shall be deemed to be within
27 the exemption provided for in subdivision (b) of Sections
28 4 and 5 of Article XIII of the California Constitution and
29 Section 214.

30 (b) For purposes of Section 214, an educational
31 television station is any facility, that does not accept
32 advertising for a consideration and that transmits
33 television programs by wires, lines, radio waves,
34 waveguides, coaxial cable, microwave transmitters, other
35 electronic or mechanical means, or any combination
36 thereof, if the corporation, fund, or foundation owning
37 the station receives at least 25 percent of its operating
38 expenses by means of contributions from the general
39 public or dues from members.

~~(c) For purposes of Section 214 a noncommercial educational FM broadcast station is any facility licensed and operating pursuant to subpart (C) (commencing with Section 73.501) of Part 73 of Title 47 of the Code of Federal Regulations.~~

~~SEC. 25. Section 231 of the Revenue and Taxation Code is amended and renumbered to read:~~

~~214.8. (a) Property that is owned by a nonprofit corporation and leased to, and used exclusively by, government for its interest and benefit shall be exempt from taxation within the meaning of “charitable purposes” in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution if:~~

~~(1) All of the provisions of Section 214 are complied with, except paragraph (6) of subdivision (a). For purposes of paragraph (6) of subdivision (a) of Section 214, irrevocable dedication to charitable purpose shall be deemed to exist if the lease provides that the property shall be transferred in fee to the entity of government leasing the same upon the sooner of either the liquidation, dissolution, or abandonment of the owner or at the time the last rental payment is made under the provisions of the lease.~~

~~(2) All of the provisions of Section 254.5 relating to owners are complied with, commencing during calendar year 1969.~~

~~(3) All of the provisions of Section 214.01 are complied with by March 15, 1970.~~

~~(b) For purposes of this section “property” means any of the following:~~

~~(1) Any building or structure of a kind or nature which is uniquely of a governmental character and includes, but is not limited to, the following:~~

~~(A) City halls.~~

~~(B) Courthouses.~~

~~(C) Administration buildings.~~

~~(D) Police stations, jails, or detention facilities.~~

~~(E) Fire stations.~~

~~(F) Parks, playgrounds, or golf courses.~~

~~(G) Hospitals.~~

1 ~~(H) Water systems and waste water facilities.~~

2 ~~(I) Toll bridges.~~

3 ~~(2) Any other property required for the use and~~
4 ~~occupation of the buildings and leased to government.~~

5 ~~(3) Any possessory interest of the nonprofit~~
6 ~~corporation in property and in the land upon which the~~
7 ~~property was constructed and so much of the surrounding~~
8 ~~land that is required for the use and occupation of the~~
9 ~~property.~~

10 ~~(4) Any building and its equipment in the course of~~
11 ~~construction on or after the first Monday of March 1954,~~
12 ~~together with the land on which it is located as may be~~
13 ~~required for the use and occupation of the building when~~
14 ~~the building and equipment is being constructed for the~~
15 ~~sole purpose of being leased to government to lessen its~~
16 ~~burden.~~

17 ~~(e) For purposes of this section:~~

18 ~~(1) “Uniquely of a governmental character” means~~
19 ~~the property, except hospitals, water systems, waste~~
20 ~~water facilities, golf courses, and toll bridges, is not~~
21 ~~intended to produce income or revenue in the form of~~
22 ~~rents or admission, user or service fees, or charges.~~

23 ~~(2) “Property” does not include any possessory~~
24 ~~interest of any person or organization not exempt from~~
25 ~~taxation.~~

26 ~~(3) “Nonprofit corporation” means a community~~
27 ~~chest, fund, foundation, or corporation, not conducted for~~
28 ~~profit, and no part of the net earnings of which inures to~~
29 ~~the benefit of any private shareholder or individual and~~
30 ~~that nonprofit corporation is organized and operated for~~
31 ~~the sole purpose of leasing property to government and~~
32 ~~to lessen the burden of government and, in fact, only~~
33 ~~leases property to government. That nonprofit~~
34 ~~corporation shall qualify as an exempt organization either~~
35 ~~under Section 23701f or 23701u of this code or Section~~
36 ~~501(c)(4) of the Internal Revenue Code of 1986. This~~
37 ~~subdivision is not intended to enlarge the “welfare~~
38 ~~exemption” to apply to organizations qualified under~~
39 ~~Section 501(c)(4) of the Internal Revenue Code of 1986~~
40 ~~but not otherwise qualified for the “welfare exemption”~~

~~1 under this section. Nonprofit corporations that meet the
2 tests of this subdivision are deemed to be organized and
3 operated for charitable purposes.~~

~~4 (4) "Government" means the State of California, a
5 city, city and county, county, public corporation, or a
6 hospital district.~~

~~7 (d) The exemption provided for in this section shall be
8 deemed to be within the "welfare exemption" for
9 purposes of Section 251.~~

~~10 (e) For leases first entered into by and between the
11 government and a nonprofit corporation on or after
12 January 1, 1969, all requirements of this section shall be
13 met for the property and the nonprofit corporation to
14 qualify for the exemption provided by this section.~~

~~15 (f) For leases first entered into by and between the
16 government and a nonprofit corporation on or before
17 December 31, 1968, all requirements of this section shall
18 be met except that the last unnumbered paragraph of
19 subdivision (b) shall not apply and for the purposes of
20 subdivision (b)(1) the list of real property qualifying for
21 this exemption includes community recreation buildings
22 or facilities, golf courses, airports, water, sewer and
23 drainage facilities, music centers and their related
24 facilities, and public parking incidental to and in
25 connection with one of the buildings or structures set
26 forth in this section.~~

~~27 (g) Property exempt under this section shall be
28 located within the boundaries of the entity of
29 government leasing the same.~~

~~30 (h) Where the construction has commenced on or
31 after January 1, 1969, improvements shall be advertised
32 and put to competitive bid to qualify for the exemption
33 provided by this section.~~

~~34 (i) For purposes of paragraph (3) of subdivision (e), a
35 nonprofit corporation shall not be deemed to be qualified
36 as an exempt organization unless the organization files
37 with the assessor a valid organizational clearance
38 certificate issued by the board pursuant to Section 254.6
39 or holds an organizational clearance certificate pursuant
40 to Section 254.6.~~

1 ~~SEC. 26. Section 236 of the Revenue and Taxation~~
2 ~~Code is amended and renumbered to read:~~

3 ~~214.42. (a) Property leased for a term of 35 years or~~
4 ~~more or any transfer of property leased with a remaining~~
5 ~~term of 35 years or more where the lessor is not otherwise~~
6 ~~qualified for a tax exemption pursuant to Section 214,~~
7 ~~which is used exclusively and solely for rental housing and~~
8 ~~related facilities for tenants who are persons of low~~
9 ~~income (as defined in Section 50093 of the Health and~~
10 ~~Safety Code), and is leased and operated by religious,~~
11 ~~hospital, scientific, or charitable funds, foundations, or~~
12 ~~corporations, public housing authorities, public agencies,~~
13 ~~or limited partnerships in which the managing general~~
14 ~~partner has received a determination that it is a~~
15 ~~charitable organization under Section 501(c)(3) of the~~
16 ~~Internal Revenue Code and is operating the property in~~
17 ~~accordance with its exempt purpose is exempt from~~
18 ~~taxation on the possessory interest and the fee interest in~~
19 ~~the property throughout the term of the lease.~~

20 ~~(b) Low and moderate income has the same meaning~~
21 ~~as the term “persons and families of low and moderate~~
22 ~~income” as defined by Section 50093 of the Health and~~
23 ~~Safety Code.~~

24 ~~SEC. 27. Section 254 of the Revenue and Taxation~~
25 ~~Code is amended to read:~~

26 ~~254. Any person claiming the church, cemetery,~~
27 ~~college, exhibition, free public libraries, free museums,~~
28 ~~aircraft of historical significance, or public schools~~
29 ~~property tax exemption and anyone claiming the~~
30 ~~classification of a vessel as a documented vessel eligible~~
31 ~~for assessment under Section 227, shall submit to the~~
32 ~~assessor annually a claim which shall be in a form and~~
33 ~~contain any information that may be required by the~~
34 ~~board. The claim shall be signed under penalty of perjury.~~

35 ~~SEC. 28. Section 254.5 of the Revenue and Taxation~~
36 ~~Code is amended to read:~~

37 ~~254.5. (a) Claims for the welfare exemption and the~~
38 ~~veterans’ organization exemption shall be filed on or~~
39 ~~before February 15 of each year with the assessor. Claims~~
40 ~~shall not be approved until the claimant has been granted~~

~~1 a valid organizational clearance certificate issued by the
2 State Board of Equalization pursuant to Section 254.6.~~

~~3 (b) The assessor shall review all claims for the welfare
4 exemption to ascertain whether the property on which
5 the exemption is claimed meets the requirements of
6 Section 214. In this connection the assessor shall consider,
7 among other matters, whether the property on which
8 exemption is claimed is used for the actual operation of
9 an exempt activity and does not exceed an amount of
10 property reasonably necessary to the accomplishment of
11 the exempt purpose.~~

~~12 (c) The assessor may deny a claim for the welfare
13 exemption on a property, notwithstanding that the
14 organization claiming the exemption has been granted an
15 organizational clearance certificate by the board.~~

~~16 (d) Upon any indication that a welfare exemption has
17 been incorrectly granted, the assessor shall redetermine
18 eligibility for the exemption. If the assessor determines
19 that the property, or any portion thereof, is no longer
20 eligible for the exemption, he or she shall immediately
21 cancel the exemption on so much of the property as is no
22 longer eligible for the exemption.~~

~~23 (e) If a welfare exemption has been incorrectly
24 allowed, an escape assessment as provided by Article 4
25 (commencing with Section 531) of Chapter 3 in the
26 amount of the exemption, with interest as provided in
27 Section 506, shall be made, and a penalty shall be assessed
28 for any failure to notify the assessor as required by this
29 section in an amount equaling 10 percent of the escape
30 assessment, but in no event exceeding two hundred fifty
31 dollars (\$250).~~

~~32 SEC. 29. Section 254.6 is added to the Revenue and
33 Taxation Code, to read:~~

~~34 254.6. (a) Any claim for the welfare exemption
35 pursuant to Section 254.5 shall not be approved unless the
36 applicant holds a valid organizational clearance
37 certificate issued by the State Board of Equalization.~~

~~38 (b) The board shall review each claim for an
39 organizational clearance certificate to ascertain whether
40 the organization meets the requirements of Section 214.~~

1 ~~In this connection the board shall consider, among other~~
2 ~~matters, whether:~~

3 ~~(1) The services and expenses of the owner or operator~~
4 ~~(including salaries) are excessive, based upon like~~
5 ~~services and salaries in comparable public or private~~
6 ~~institutions.~~

7 ~~(2) The operations of the owner or operator, either~~
8 ~~directly or indirectly, materially enhance the private gain~~
9 ~~of any individual or individuals.~~

10 ~~(3) Any capital investment of the owner or operator~~
11 ~~for expansion of physical plant is justified by the~~
12 ~~contemplated return thereon, and required to serve the~~
13 ~~interests of the community.~~

14 ~~(c) Any claim of any organization that files for an~~
15 ~~organizational clearance certificate for the first time shall~~
16 ~~be accompanied by:~~

17 ~~(1) A certified copy of the financial statements of the~~
18 ~~owner and operator.~~

19 ~~(2) A certified copy of the articles of incorporation or~~
20 ~~in the case of any noncorporate fund or foundation, its~~
21 ~~bylaws, articles of association, constitution, or regulations.~~

22 ~~(3) A copy of a valid, unrevoked letter or ruling from~~
23 ~~either the Franchise Tax Board or, in the alternative, the~~
24 ~~Internal Revenue Service, which states that the~~
25 ~~organization qualifies as an exempt organization under~~
26 ~~the appropriate provisions of the Bank and Corporation~~
27 ~~Tax Law or the Internal Revenue Code.~~

28 ~~(d) Once granted, an organizational clearance~~
29 ~~certificate shall remain valid until one of the following~~
30 ~~occurs:~~

31 ~~(1) The organization's income or expenses increase by~~
32 ~~more than 25 percent of the organization's prior year's~~
33 ~~income or expenses.~~

34 ~~(2) The organization's articles of incorporation or in~~
35 ~~the case of any noncorporate fund or foundation, its~~
36 ~~bylaws, articles of association, constitution, or regulations~~
37 ~~are amended.~~

38 ~~(3) A letter or ruling from either the Franchise Tax~~
39 ~~Board or, in the alternative, the Internal Revenue~~
40 ~~Service, that states that the organization no longer~~

~~1 qualifies as an exempt organization under the Bank and
2 Corporation Tax Law or the Internal Revenue Code.~~

~~3 (4) The board determines that the organization no
4 longer meets the requirements of Section 214.~~

~~5 (e) (1) Any claim of an organization that must renew
6 its organizational clearance certificate as a result of
7 paragraph (1) of subdivision (d) shall submit a certified
8 copy of the most recent financial statements of the owner
9 and operator with the board.~~

~~10 (2) Any claim of an organization that must renew its
11 organizational clearance certificate as a result of
12 paragraph (2) of subdivision (d), shall submit a certified
13 copy of the amendments to their articles of incorporation
14 or, in the case of any noncorporate fund or foundation, its
15 bylaws, articles of association, constitution, or regulations.~~

~~16 SEC. 30. Section 254.7 is added to the Revenue and
17 Taxation Code, to read:~~

~~18 254.7. (a) Notwithstanding Section 254.5, an
19 applicant, granted a welfare exemption and owning any
20 property exempted pursuant to Section 214.8, shall not be
21 required to reapply for the welfare exemption in any
22 subsequent year in which there has been no transfer of,
23 or other change in title to, the exempted property and the
24 property is used exclusively by a governmental entity for
25 its interest and benefit. The applicant shall notify the
26 assessor on or before February 15 if, on or before the
27 preceding lien date, the applicant became ineligible for
28 the welfare exemption or if, on or before that lien date,
29 the property was no longer owned by the applicant or
30 otherwise failed to meet all requirements for the welfare
31 exemption.~~

~~32 (b) Prior to the lien date, the assessor shall annually
33 mail a notice to every applicant relieved of the
34 requirement of filing an annual application by this
35 subdivision.~~

~~36 (c) The notice shall be in a form and contain any
37 information that the board may prescribe, and shall set
38 forth the circumstances under which the property may
39 no longer be eligible for exemption and advise the~~

1 ~~applicant of the duty to inform the assessor if the property~~
2 ~~is no longer eligible for exemption.~~

3 ~~(d) The notice shall include a form that is to be~~
4 ~~returned to the assessor by any applicant desiring to~~
5 ~~maintain eligibility for the welfare exemption under~~
6 ~~Section 214.8. The form shall be in the following form:~~

7 —

8 ~~To all persons who have received a welfare exemption~~
9 ~~under Section 214.8 of the Revenue and Taxation Code~~
10 ~~for the fiscal year.~~

11 —

12 ~~Question: Will the property to which the exemption~~
13 ~~applies in the fiscal year continue to be used exclusively~~
14 ~~by government for its interest and benefit in the fiscal~~
15 ~~year?~~

16
17 YES _____ NO _____

18
19 Signature: _____

20 Title: _____

21 —

22 ~~Failure to return this form does not of itself constitute~~
23 ~~a waiver of exemption as called for by the California~~
24 ~~Constitution, but may result in onsite inspection to~~
25 ~~verify exempt activity.~~

26 —

27 ~~SEC. 31. Section 259.5 of the Revenue and Taxation~~
28 ~~Code is amended to read:~~

29 ~~259.5. The claim for the welfare exemption shall show~~
30 ~~that the property meets all the requirements entitling the~~
31 ~~property to the exemption and that the owner has a valid~~
32 ~~organizational clearance certificate pursuant to Section~~
33 ~~254.6.~~

34 ~~SEC. 32. Section 259.7 of the Revenue and Taxation~~
35 ~~Code is amended to read:~~

36 ~~259.7. The claim for the veterans' organization~~
37 ~~exemption shall show that the property meets all the~~
38 ~~requirements entitling the property to the exemption~~
39 ~~and that the organization has a valid organizational~~
40 ~~clearance certificate pursuant to Section 254.5.~~

~~SEC. 33. Section 272 of the Revenue and Taxation Code is amended to read:~~

~~272. Notwithstanding any other provision of law, whenever a valid application for exemption is filed pursuant to Section 270 or 271 and the assessor grants the claim prior to the completion of the roll for the year for which the exemption is claimed, the assessor shall enroll the property so as to provide for the amount of exemption on the property's assessed value as provided by the applicable section.~~

~~When the application for exemption or the granting of the claim is received after completion of the roll, the assessor shall initiate an action to correct the roll by addition of the appropriate amount of exemption on the property. Upon notification by the assessor, the auditor shall make the appropriate adjustment on the roll.~~

~~Where authorized under the provisions of this article, the tax, penalty or interest thereon subject to cancellation or refund shall be canceled pursuant to Article 1 (commencing with Section 4985) of Chapter 4 of Part 9, as if it had been levied or charged erroneously, and, if paid, a refund thereof shall be made pursuant to Article 1 (commencing with Section 5096) of Chapter 5 of Part 9 as if it had been erroneously collected. The amount of tax, penalty or interest which is not canceled or refunded under this article with respect to property tax exemptions covered by this article and filed late may be paid in installments as provided in Chapter 3 (commencing with Section 4186) of Part 7.~~

~~SEC. 34.—~~

~~SECTION 1. Section 214 of the Revenue and Taxation Code is amended to read:~~

~~214. (a) Property used exclusively for religious, hospital, scientific, or charitable purposes owned and operated by community chests, funds, foundations or corporations organized and operated for religious, hospital, scientific, or charitable purposes is exempt from taxation, including ad valorem taxes to pay the interest and redemption charges on any indebtedness approved by the voters prior to July 1, 1978, or any bonded~~

1 indebtedness for the acquisition or improvement of real
2 property approved on or after July 1, 1978, by two-thirds
3 of the votes cast by the voters voting on the proposition,
4 if:

5 (1) The owner is not organized or operated for profit.
6 However, in the case of hospitals, the organization shall
7 not be deemed to be organized or operated for profit if,
8 during the immediately preceding fiscal year, operating
9 revenues, exclusive of gifts, endowments and
10 grants-in-aid, did not exceed operating expenses by an
11 amount equivalent to 10 percent of those operating
12 expenses. As used herein, operating expenses include
13 depreciation based on cost of replacement and
14 amortization of, and interest on, indebtedness.

15 (2) No part of the net earnings of the owner inures to
16 the benefit of any private shareholder or individual.

17 (3) The property is used for the actual operation of the
18 exempt activity, and does not exceed an amount of
19 property reasonably necessary to the accomplishment of
20 the exempt purpose.

21 (A) For the purposes of determining whether the
22 property is used for the actual operation of the exempt
23 activity, consideration shall not be given to use of the
24 property for either or both of the following described
25 activities if that use is occasional:

26 (i) The owner conducts fundraising activities on the
27 property and the proceeds derived from those activities
28 are not unrelated business taxable income, as defined in
29 Section 512 of the Internal Revenue Code, of the owner
30 and are used to further the exempt activity of the owner.

31 (ii) The owner permits any other organization that
32 meets all of the requirements of this subdivision, other
33 than ownership of the property, to conduct fundraising
34 activities on the property and the proceeds derived from
35 those activities are not unrelated business taxable
36 income, as defined in Section 512 of the Internal Revenue
37 Code, of the organization, are not subject to the tax on
38 unrelated business taxable income that is imposed by
39 Section 511 of the Internal Revenue Code, and are used
40 to further the exempt activity of the organization.

(B) For purposes of subparagraph (A):

(i) “Occasional use” means use of the property on an irregular or intermittent basis by the qualifying owner or any other qualifying organization described in clause (ii) of subparagraph (A) that is incidental to the primary activities of the owner or the other organization.

(ii) “Fundraising activities” means both activities involving the direct solicitation of money or other property and the anticipated exchange of goods or services for money between the soliciting organization and the organization or person solicited.

(C) Subparagraph (A) shall have no application in determining whether paragraph (3) has been satisfied unless the owner of the property and any other organization using the property as provided in subparagraph (A) have filed with the assessor duplicate copies of valid unrevoked letters or rulings from the Internal Revenue Service that state that the owner and the other organization qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code. The owner of the property and any other organization using the property as provided in subparagraph (A) also shall file duplicate copies of their most recently filed federal income tax returns.

(D) For the purposes of determining whether the property is used for the actual operation of the exempt activity, consideration shall not be given to the use of the property for meetings conducted by any other organization if the meetings are incidental to the other organization’s primary activities, are not fundraising meetings or activities as defined in subparagraph (B), are held no more than once per week, and the other organization and its use of the property meet all other requirements of paragraphs (1) to (5), inclusive, of subdivision (a). The owner or the other organization also shall file with the assessor duplicate copies of valid, unrevoked letters or rulings from the Internal Revenue Service or the Franchise Tax Board stating that the other organization, or the national organization of which it is a local chapter or affiliate, qualifies as an exempt

1 organization under Section 501(c)(3) or Section
2 501(c)(4) of the Internal Revenue Code or Section
3 23701d, 23701f, or 23701w, together with duplicate copies
4 of that organization's most recently filed federal income
5 tax return, if the organization is required by federal law
6 to file a return.

7 Nothing in subparagraph (A), (B), (C), or (D) shall be
8 construed to either enlarge or restrict the exemption
9 provided for in subdivision (b) of Section 4 and Section
10 5 of Article XIII of the California Constitution and this
11 section.

12 (4) The property is not used or operated by the owner
13 or by any other person so as to benefit any officer, trustee,
14 director, shareholder, member, employee, contributor,
15 or bondholder of the owner or operator, or any other
16 person, through the distribution of profits, payment of
17 excessive charges or compensations, or the more
18 advantageous pursuit of their business or profession.

19 (5) The property is not used by the owner or members
20 thereof for fraternal or lodge purposes, or for social club
21 purposes except where that use is clearly incidental to a
22 primary religious, hospital, scientific, or charitable
23 purpose.

24 (6) The property is irrevocably dedicated to religious,
25 charitable, scientific, or hospital purposes and upon the
26 liquidation, dissolution or abandonment of the owner will
27 not inure to the benefit of any private person except a
28 fund, foundation, or corporation organized and operated
29 for religious, hospital, scientific, or charitable purposes.

30 (7) The property, if used exclusively for scientific
31 purposes, is used by a foundation or institution that, in
32 addition to complying with the foregoing requirements
33 for the exemption of charitable organizations in general,
34 has been chartered by the Congress of the United States
35 (except that this requirement shall not apply when the
36 scientific purposes are medical research), and whose
37 objects are the encouragement or conduct of scientific
38 investigation, research, and discovery for the benefit of
39 the community at large.

1 The exemption provided for herein shall be known as
2 the “welfare exemption.” This exemption shall be in
3 addition to any other exemption now provided by law,
4 and the existence of the exemption provision in
5 paragraph (2) of subdivision (a) of Section 202 shall not
6 preclude the exemption under this section for museum or
7 library property. Except as provided in subdivision (e),
8 this section shall not be construed to enlarge the college
9 exemption.

10 (b) Property used exclusively for school purposes of
11 less than collegiate grade and owned and operated by
12 religious, hospital, or charitable funds, foundations, or
13 corporations, which property and funds, foundations, or
14 corporations meet all of the requirements of subdivision
15 (a), shall be deemed to be within the exemption provided
16 for in subdivision (b) of Section 4 and Section 5 of Article
17 XIII of the California Constitution and this section.

18 (c) Property used exclusively for nursery school
19 purposes and owned and operated by religious, hospital,
20 or charitable funds, foundations, or corporations, which
21 property and funds, foundations, or corporations meet all
22 the requirements of subdivision (a), shall be deemed to
23 be within the exemption provided for in subdivision (b)
24 of Section 4 and Section 5 of Article XIII of the California
25 Constitution and this section.

26 (d) Property used exclusively for a noncommercial
27 educational FM broadcast station or an educational
28 television station, and owned and operated by religious,
29 hospital, scientific, or charitable funds, foundations, or
30 corporations meeting all of the requirements of
31 subdivision (a), shall be deemed to be within the
32 exemption provided for in subdivision (b) of Section 4
33 and Section 5 of Article XIII of the California Constitution
34 and this section.

35 (e) Property used exclusively for religious, charitable,
36 scientific, or hospital purposes and owned and operated
37 by religious, hospital, scientific, or charitable funds,
38 foundations, or corporations or educational institutions of
39 collegiate grade, as defined in Section 203, which
40 property and funds, foundations, corporations, or

1 educational institutions meet all of the requirements of
2 subdivision (a), shall be deemed to be within the
3 exemption provided for in subdivision (b) of Section 4
4 and Section 5 of Article XIII of the California Constitution
5 and this section. As to educational institutions of
6 collegiate grade, as defined in Section 203, the
7 requirements of paragraph (6) of subdivision (a) shall be
8 deemed to be met if both of the following are met:

9 (1) The property of the educational institution is
10 irrevocably dedicated in its articles of incorporation to
11 charitable and educational purposes, to religious and
12 educational purposes, or to educational purposes.

13 (2) The articles of incorporation of the educational
14 institution provide for distribution of its property upon its
15 liquidation, dissolution, or abandonment to a fund,
16 foundation, or corporation organized and operated for
17 religious, hospital, scientific, charitable, or educational
18 purposes meeting the requirements for exemption
19 provided by Section 203 or this section.

20 (f) Property used exclusively for housing and related
21 facilities for elderly or handicapped families and financed
22 by, including, but not limited to, the federal government
23 pursuant to Section 202 of Public Law 86-372 (12 U.S.C.
24 Sec. 1701q), as amended, Section 231 of Public Law 73-479
25 (12 U.S.C. Sec. 1715v), ~~or~~ Section 236 of Public Law 90-448
26 (12 U.S.C. Sec. 1715z), *or Section 811 of Public Law*
27 *101-625 (42 U.S.C. Sec. 8013)*, and owned and operated by
28 religious, hospital, scientific, or charitable funds,
29 foundations, or corporations meeting all of the
30 requirements of this section shall be deemed to be within
31 the exemption provided for in subdivision (b) of Section
32 4 and Section 5 of Article XIII of the California
33 Constitution and this section. The amendment of this
34 paragraph made by Chapter 1102 of the Statutes of 1984
35 does not constitute a change in, but is declaratory of, the
36 existing law. However, no refund of property taxes shall
37 be required as a result of this amendment for any fiscal
38 year prior to the fiscal year in which the amendment
39 takes effect.

1 Property used exclusively for housing and related
2 facilities for elderly or handicapped families at which
3 supplemental care or services designed to meet the
4 special needs of elderly or handicapped residents are not
5 provided, or that is not financed by the federal
6 government pursuant to Section 202 of Public Law 86-372
7 (12 U.S.C. Sec. 1701q), as amended, Section 231 of Public
8 Law 73-479 (12 U.S.C. Sec. 1715v), ~~or~~ Section 236 of Public
9 Law 90-448 (12 U.S.C. Sec. 1715z), *or Section 811 of Public*
10 *Law 101-625 (42 U.S.C. Sec. 8013)*, shall not be entitled to
11 exemption pursuant to this subdivision unless the
12 property is used for housing and related facilities for low-
13 and moderate-income elderly or handicapped families.
14 Property that would otherwise be exempt pursuant to
15 this subdivision, except that it includes some housing and
16 related facilities for other than low- or moderate-income
17 elderly or handicapped families, shall be entitled to a
18 partial exemption. The partial exemption shall be equal
19 to that percentage of the value of the property that is
20 equal to the percentage that the number of low- and
21 moderate-income elderly and handicapped families
22 occupying the property represents of the total number of
23 families occupying the property.

24 As used in this subdivision, “low and moderate income”
25 has the same meaning as the term “persons and families
26 of low or moderate income” as defined by Section 50093
27 of the Health and Safety Code.

28 (g) (1) Property used exclusively for rental housing
29 and related facilities and owned and operated by
30 religious, hospital, scientific, or charitable funds,
31 foundations, or corporations, including limited
32 partnerships in which the managing general partner is an
33 eligible nonprofit corporation, meeting all of the
34 requirements of this section, or by veterans’
35 organizations, as described in Section 215.1, meeting all
36 the requirements of paragraphs (1) to (7), inclusive, of
37 subdivision (a), shall be deemed to be within the
38 exemption provided for in subdivision (b) of Section 4
39 and Section 5 of Article XIII of the California Constitution
40 and this section and shall be entitled to a partial

1 exemption equal to that percentage of the value of the
2 property that the portion of the property serving lower
3 income households represents of the total property in any
4 year in which any of the following criteria are applicable:

5 (A) Twenty percent or more of the occupants of the
6 property are lower income households whose rent does
7 not exceed that prescribed by Section 50053 of the Health
8 and Safety Code.

9 (B) The acquisition, rehabilitation, development, or
10 operation of the property, or any combination of these
11 factors, is financed with tax-exempt mortgage revenue
12 bonds or general obligation bonds, or is financed by local,
13 state, or federal loans or grants and the rents of the
14 occupants who are lower income households do not
15 exceed those prescribed by deed restrictions or
16 regulatory agreements pursuant to the terms of the
17 financing or financial assistance.

18 (C) The owner of the property is eligible for and
19 receives low-income housing tax credits pursuant to
20 Section 42 of the Internal Revenue Code of 1986, as added
21 by Public Law 99-514.

22 (2) In order to be eligible for the exemption provided
23 by this subdivision, the owner of the property shall do
24 both of the following:

25 (A) Certify and ensure that there is a deed restriction,
26 agreement, or other legal document that restricts the
27 project's usage and that provides that the units
28 designated for use by lower income households are
29 continuously available to or occupied by lower income
30 households at rents that do not exceed those prescribed
31 by Section 50053 of the Health and Safety Code, or, to the
32 extent that the terms of federal, state, or local financing
33 or financial assistance conflicts with Section 50053, rents
34 that do not exceed those prescribed by the terms of the
35 financing or financial assistance.

36 (B) Certify that the funds that would have been
37 necessary to pay property taxes are used to maintain the
38 affordability of, or reduce rents otherwise necessary for,
39 the units occupied by lower income households.

1 (3) As used in this subdivision, “lower income
2 households” has the same meaning as the term “lower
3 income households” as defined by Section 50079.5 of the
4 Health and Safety Code.

5 (h) Property used exclusively for an emergency or
6 temporary shelter and related facilities for homeless
7 persons and families and owned and operated by
8 religious, hospital, scientific, or charitable funds,
9 foundations, or corporations meeting all of the
10 requirements of this section shall be deemed to be within
11 the exemption provided for in subdivision (b) of Section
12 4 and Section 5 of Article XIII of the California
13 Constitution and this section. Property that otherwise
14 would be exempt pursuant to this subdivision, except that
15 it includes housing and related facilities for other than an
16 emergency or temporary shelter, shall be entitled to a
17 partial exemption.

18 As used in this subdivision, “emergency or temporary
19 shelter” means a facility that would be eligible for funding
20 pursuant to Chapter 11 (commencing with Section
21 50800) of Part 2 of Division 31 of the Health and Safety
22 Code.

23 (i) Property used exclusively for housing and related
24 facilities for employees of religious, charitable, scientific,
25 or hospital organizations that meet all the requirements
26 of subdivision (a) and owned and operated by funds,
27 foundations, or corporations that meet all the
28 requirements of subdivision (a) shall be deemed to be
29 within the exemption provided for in subdivision (b) of
30 Sections 4 and 5 of Article XIII of the California
31 Constitution and this section to the extent the residential
32 use of the property is institutionally necessary for the
33 operation of the organization.

34 (j) For purposes of this section, charitable purposes
35 include educational purposes. For purposes of this
36 subdivision, “educational purposes” means those
37 educational purposes and activities for the benefit of the
38 community as a whole or an unascertainable and
39 indefinite portion thereof, and shall not include those
40 educational purposes and activities that are primarily for

1 the benefit of an organization's shareholders. Educational
2 activities include the study of relevant information, the
3 dissemination of that information to interested members
4 of the general public, and the participation of interested
5 members of the general public.

6 *SEC. 2. Section 254.5 of the Revenue and Taxation*
7 *Code is amended to read:*

8 254.5. (a) Affidavits for the welfare exemption and
9 the veterans' organization exemption shall be filed in
10 duplicate on or before ~~March~~ February 15 of each year
11 with the assessor. Affidavits of organizations filing for the
12 first time shall be accompanied by duplicate certified
13 copies of the financial statements of the owner and
14 operator. Thereafter, financial statements shall be
15 submitted only if requested in writing by either the
16 assessor or the board. Copies of the affidavits and financial
17 statements shall be forwarded not later than April 1 by
18 the assessor with his or her recommendations for
19 approval or denial to the board which shall review all the
20 affidavits and statements and may institute an
21 independent audit or verification of the operations of the
22 owner and operator to ascertain whether both the owner
23 and operator meet the requirements of Section 214 of the
24 Revenue and Taxation Code. In this connection the board
25 shall consider, among other matters, whether:

26 (1) The services and expenses of the owner or operator
27 (including salaries) are excessive, based upon like
28 services and salaries in comparable public institutions.

29 (2) The operations of the owner or operator, either
30 directly or indirectly, materially enhance the private gain
31 of any individual or individuals.

32 (3) Any capital investment of the owner or operator
33 for expansion of physical plant is justified by the
34 contemplated return thereon, and required to serve the
35 interests of the community.

36 (4) The property on which exemption is claimed is
37 used for the actual operation of an exempt activity and
38 does not exceed an amount of property reasonably
39 necessary to the accomplishment of the exempt purpose.

1 (b) The board shall make a finding as to the eligibility
2 of each applicant and the applicant's property and shall
3 forward its finding to the assessor concerned. In a case
4 where the board conducts a hearing with respect to the
5 eligibility of the applicant and the applicant's property,
6 the finding shall be forwarded to the assessor concerned
7 within 30 days after the decision is made by the board
8 following the hearing. The assessor may deny the claim
9 of an applicant the board finds eligible but may not grant
10 the claim of an applicant the board finds ineligible.

11 (c) Notwithstanding subdivision (a), an applicant,
12 granted a welfare exemption and owning any property
13 exempted pursuant to Section 231, shall not be required
14 to reapply for the welfare exemption in any subsequent
15 year in which there has been no transfer of, or other
16 change in title to, the exempted property and the
17 property is used exclusively by a governmental entity for
18 its interest and benefit. The applicant shall notify the
19 assessor on or before March 15 if, on or before the
20 preceding lien date, the applicant became ineligible for
21 the welfare exemption or if, on or before that lien date,
22 the property was no longer owned by the applicant or
23 otherwise failed to meet all requirements for the welfare
24 exemption.

25 Prior to the lien date, the assessor shall annually mail a
26 notice to every applicant relieved of the requirement of
27 filing an annual application by this subdivision.

28 The notice shall be in a form and contain that
29 information that the board may prescribe, and shall set
30 forth the circumstances under which the property may
31 no longer be eligible for exemption and advise the
32 applicant of the duty to inform the assessor if the property
33 is no longer eligible for exemption.

34 The notice shall include a card that is to be returned to
35 the assessor by any applicant desiring to maintain
36 eligibility for the welfare exemption under Section 231.
37 The card shall be in the following form:
38



1 To all persons who have received a welfare exemption
2 under Section 231 of the Revenue and Taxation Code
3 for the ____ fiscal year.

4 Question: Will the property to which the exemption
5 applies in the ____ fiscal year continue to be used
6 exclusively by government for its interest and benefit
7 in the ____ fiscal year?

8
9 YES ____ NO ____

10
11 Signature: _____

12 Title: _____

13
14 Failure to return this card does not of itself constitute
15 a waiver of exemption as called for by the California
16 Constitution, but may result in onsite inspection to
17 verify exempt activity.

18
19 (d) Upon any indication that a welfare exemption has
20 been incorrectly granted, the assessor shall redetermine
21 eligibility for the exemption. If the assessor determines
22 that the property, or any portion thereof, is no longer
23 eligible for the exemption, he or she shall immediately
24 cancel the exemption on so much of the property as is no
25 longer eligible for the exemption.

26 (e) If a welfare exemption has been incorrectly
27 allowed, an escape assessment as provided by Article 4
28 (commencing with Section 531) of Chapter 3 in the
29 amount of the exemption, with interest as provided in
30 Section 506, shall be made, and a penalty shall be assessed
31 for any failure to notify the assessor as required by this
32 section in an amount equaling 10 percent of the escape
33 assessment, but in no event exceeding two hundred fifty
34 dollars (\$250).

35 *SEC. 3.* Section 275.5 of the Revenue and Taxation
36 Code is amended to read:

37 275.5. If a person claiming classification of a vessel as
38 a documented vessel eligible for assessment under
39 Section 227 fails to file the affidavit required by Section
40 254 by 5 p.m. on February 15 of the calendar year in which

1 the fiscal year begins, but files that affidavit on or before
2 the following August 1, the assessment shall be reduced
3 in a sum equal to 80 percent of the reduction that would
4 have been allowed had the affidavit been timely filed.

5 ~~SEC. 35.—~~

6 *SEC. 4.* Section 619 of the Revenue and Taxation
7 Code is amended to read:

8 619. (a) Except as provided in subdivision (f), the
9 assessor shall, upon or prior to completion of the local roll,
10 do either of the following:

11 (1) Inform each assessee of real property on the local
12 secured roll whose property's full value has increased
13 over its full value for the prior year of the assessed value
14 of that property as it shall appear on the completed local
15 roll.

16 (2) Inform each assessee of real property on the local
17 secured roll, or each assessee on the local secured roll and
18 each assessee on the unsecured roll, of the assessed value
19 of his or her real property or of both his or her real and
20 his or her personal property as it shall appear on the
21 completed local roll.

22 (b) The information given by the assessor to the
23 assessee pursuant to paragraph (1) or (2) of subdivision
24 (a) shall include a notification of hearings by the county
25 board of equalization, which shall include the period
26 during which assessment protests will be accepted and
27 the place where they may be filed. The information shall
28 also include an explanation of the stipulation procedure
29 set forth in Section 1607 and the manner in which the
30 assessee may request use of this procedure.

31 (c) In the case of an increase in a property's full value
32 that is determined pursuant to paragraph (1) of
33 subdivision (a) over the property's full value determined
34 for the prior year in accordance with paragraph (2) of
35 subdivision (a) of Section 51, the information shall also
36 include the base year value of the property, compounded
37 annually from the base year to the current year by the
38 appropriate inflation factors.

39 (d) The information shall be furnished by the assessor
40 to the assessee by regular United States mail directed to

1 him or her at his or her latest address known to the
2 assessor.

3 (e) Neither the failure of the assessee to receive the
4 information nor the failure of the assessor to so inform the
5 assessee shall in any way affect the validity of any
6 assessment or the validity of any taxes levied pursuant
7 thereto.

8 (f) This section shall not apply to annual increases in
9 the valuation of property which reflect the inflation rate,
10 not to exceed 2 percent, pursuant to the authority of
11 subdivision (b) of Section 2 of Article XIII A of the
12 California Constitution, for purposes of property tax
13 limitation determinations.

14 (g) This section does not apply to increases in assessed
15 value caused solely by changes in the assessment ratio
16 provided for in Section 401.

17 (h) This section shall become operative on January 1,
18 1999.

19 ~~SEC. 36.—~~

20 SEC. 5. Section 1605.6 of the Revenue and Taxation
21 Code is amended to read:

22 1605.6. After the filing of an application for reduction
23 of an assessment, the clerk of the county board of
24 equalization shall set the matter for hearing and notify
25 the applicant, or his or her designated representative, of
26 the time and date of the hearing. Notice of the time, date,
27 and place of the hearing shall be given not less than 45
28 days prior to the hearing, unless the assessor and the
29 applicant, or the applicant's designated representative,
30 stipulate orally or in writing to a shorter notice period. If
31 the hearing on a particular application is vacated for any
32 reason, the clerk of the county board of equalization shall
33 notify the applicant, or the applicant's designated
34 representative, of the new time, date, and place of the
35 hearing not less than 10 days prior to the new hearing
36 date, unless the assessor and the applicant, or the
37 applicant's designated representative, stipulate orally or
38 in writing to a shorter notice period, or the application has
39 been heard by a hearing officer in accordance with
40 Article 1.7 (commencing with Section 1636). At the

1 option of the clerk of the county board of equalization, the
2 notice required by this section may be electronically
3 transmitted, if requested in writing by the taxpayer, to an
4 electronic address designated by the taxpayer. The clerk
5 may also opt to electronically transmit the notice
6 required by this section to the assessor, if requested by the
7 assessor, to an electronic address designated by the
8 assessor.

9 ~~SEC. 37.—~~

10 *SEC. 6.* Section 11471 of the Revenue and Taxation
11 Code is repealed.

12 ~~SEC. 38.—~~

13 *SEC. 7.* Section 11471 is added to the Revenue and
14 Taxation Code, to read:

15 11471. At any time within four years after any tax or
16 any amount of tax required to be collected becomes due
17 and payable and at any time within four years after the
18 delinquency of any tax or any amount of tax required to
19 be collected, or within the period during which a lien is
20 in force as the result of the recording or filing of a notice
21 of state tax lien under Section 7171 of the Government
22 Code, the board may bring an action in the courts of this
23 state, of any other state, or of the United States in the
24 name of the people of the State of California to collect the
25 amount delinquent together with penalties and interest.

26 ~~SEC. 39.—~~

27 *SEC. 8.* Section 11472 is added to the Revenue and
28 Taxation Code, to read:

29 11472. The Attorney General shall prosecute the
30 action, and the provisions of the Code of Civil Procedure
31 relating to service of summons, pleadings, proofs, trials,
32 and appeals are applicable to the proceedings.

33 ~~SEC. 40.—~~

34 *SEC. 9.* Section 11472 of the Revenue and Taxation
35 Code is amended and renumbered to read:

36 11473. In the action a writ of attachment may be
37 issued in the manner provided by Chapter 5
38 (commencing with Section 485.010) of Title 6.5 of Part 2
39 of the Code of Civil Procedure without the showing



1 required by Section 485.010 of the Code of Civil
2 Procedure.

3 ~~SEC. 41.—~~

4 *SEC. 10.* Section 11473 of the Revenue and Taxation
5 Code is amended and renumbered to read:

6 11474. In the action a certificate by the board showing
7 the delinquency shall be prima facie evidence of the levy
8 of the tax, of the delinquency of the amount of tax,
9 interest, and penalties set forth in the certificate, and of
10 compliance by the board with all provisions of this part in
11 relation to the assessment of the property and
12 computation and levy of the tax.

13 ~~SEC. 42.—~~

14 *SEC. 11.* Section 11475 is added to the Revenue and
15 Taxation Code, to read:

16 11475. In any action brought under this part, process
17 may be served according to the Code of Civil Procedure
18 and the Civil Code or may be served upon any agent or
19 clerk in this state employed by any private railroad car
20 company in a place of business maintained by the private
21 railroad car company in this state. In the latter case, a
22 copy of the process shall be sent by registered mail to the
23 private railroad car company at its principal or home
24 office.

